

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

State Bancorp, Inc.

Point of Contact:	Patricia M. Schaubek	RSSD: (For Bank Holding Companies)	1138861
UST Sequence Number:	146	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	36,842,000	FDIC Certificate Number: (For Depository Institutions)	19695
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	December 05, 2008	City:	Jericho
Date Repaid ¹ :	N/A	State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The Company originated approximately \$240 million in gross loans during 2010, with \$188 million comprised of new borrowing relationships.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The major categories of loans originated were commercial real estate loans, \$109 million, and commercial and industrial loans, \$131 million (including small business loans).

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

State Bancorp, Inc.

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☒ Increase reserves for non-performing assets.

The Company increased its allowance for loan losses by \$4.4 million in 2010. The Company recorded a \$12.9 million provision for loan losses in 2010.

☒ Reduce borrowings.

Other Borrowings decreased by \$23 million during 2010, primarily due to the decline in the Company's investment portfolio.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

State Bancorp, Inc.

☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

State Bancorp, Inc.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

State Bancorp, Inc.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

State Bancorp, Inc. participated in the CPP during a period of extreme economic uncertainty in order to help restore confidence in the nation's financial system and ensure that credit continued to be available to its clients. The Company did not need to participate in the program, but elected to participate at the encouragement of its regulators. Prior to receiving CPP funds, the Company's capital ratios exceeded the regulatory guidelines for a well capitalized institution. The Company's capital ratios continued to exceed the regulatory guidelines for a well capitalized institution throughout 2010. The Company undertook to bid on two failed FDIC-insured institutions in 2010. The Company would likely have submitted bids even if it had not received CPP funds, but perhaps at different bid levels. The institutions were located in the Company's market and would have provided the Company with growth opportunities. The Company was not the successful bidder for these institutions.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

State Bancorp, Inc.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.